

2006

ILLINOIS

REGISTER

RULES
OF GOVERNMENTAL
AGENCIES



Volume 30 Issue 15
April 14, 2006
Pages 6204-6443

Index Department
Administrative Code Div.
111 East Monroe Street
Springfield, IL 62756
(217) 782-7017
<http://www.cyberdriveillinois.com>

Printed on recycled paper

PUBLISHED BY JESSE WHITE • SECRETARY OF STATE

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DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF ADOPTED RULES

- 1) Heading of the Part: Registration of Workers' Compensation Utilization Review Organizations
- 2) Code Citation: 50 Ill. Adm. Code 2905
- 3)

<u>Section Numbers:</u>	<u>Adopted Action:</u>
2905.10	New Section
2905.20	New Section
2905.30	New Section
2905.40	New Section
2905.50	New Section
2905.EXHIBIT A	New Section
2905.EXHIBIT B	New Section
- 4) Statutory Authority: Implementing Section 8.7 of the Worker's Compensation Act [820 ILCS 305/8.7] and authorized by Section 8.7 of the Worker's Compensation Act [820 ILCS 305/8.7] and Section 401 of the Illinois Insurance Code [215 ILCS 5/401].
- 5) Effective Date of Rulemaking: March 29, 2006
- 6) Does this rulemaking contain an automatic repeal date? No
- 7) Does this rulemaking contain incorporations by reference? No
- 8) A copy of the adopted rulemaking, including any material incorporated by reference, is on file in the principal office of the Division of Insurance and is available for public inspection.
- 9) Notice of Proposal Published in Illinois Register: October 14, 2005; 29 Ill. Reg. 15389
- 10) Has JCAR issued a Statement of Objection to this rulemaking? No
- 11) Differences between proposal and final version:
 - a) To the title of this Part, add "ORGANIZATIONS".
 - b) In Section 2905.10, add "Act means the Workers' Compensation Act [820 ILCS 305]".

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- c) In Section 2905.10, replace the proposed definition for "Utilization Review" with the following text: *"Utilization Review means the evaluation of proposed or provided health care services to determine the appropriateness of both the level of health care services medically necessary and the quality of health care services provided to a patient, including evaluation of their efficiency, efficacy, and appropriateness of treatment, hospitalization, or office visits based on medically accepted standards. The evaluation must be accomplished by means of a system that identifies the utilization of health care services based on standards of care or nationally recognized peer review guidelines as well as nationally recognized evidence based upon standards as provided in the Act. Utilization techniques may include prospective review, second opinions, concurrent review, discharge planning, peer review, independent medical examinations, and retrospective review (for purposes of this sentence, retrospective review shall be applicable to services rendered on or after July 20, 2005). Nothing in this definition applies to prospective review of necessary first aid or emergency treatment. [820 ILCS 305/8.7]"*
- d) In Section 2905.20 and Section 2905.40 on the last line, delete "within 60 days after the effective date of this Part" and add "by July 1, 2006" in lieu thereof.
- e) In 2905.Exhibit A, item 1, change "FEI Number" to "FEIN".
- f) In 2905.Exhibit A, item 2, in the first checklist, add "(as defined in 50 Ill. Adm. Code 5420.30)" following "Review"; delete "____ Comprehensive Utilization Review" and "____ Specialty Utilization Review" and add "(as defined in Section 2905.10 of this Part)" following "Review".
- g) In 2905.Exhibit A, item 2, in the second checklist, add "(as defined in 50 Ill. Adm. Code 5421.20)" following the first and second entry after "HMO".
- h) In 2905.Exhibit A, item 7(c), add "for the current year" following "program" on the second line. Immediately thereunder add:
"____ Health Reviews
____ Workers' Compensation Reviews"
- i) In 2905.Exhibit A, item 7 (g), immediately thereunder add:
"____ Health Reviews
____ Workers' Compensation Reviews"

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- j) In 2905.Exhibit A, item 8 (a), following "URAC", "NCQA" and "JCAHO", add "(as defined in 50 Ill. Adm. Code 5420.130(b))".
- 12) Have all changes agreed upon by the agency and JCAR been made as indicated in the agreements issued by JCAR? Yes
- 13) Will this rulemaking replace any emergency rulemaking currently in effect? No
- 14) Are there any amendments pending on this Part? No
- 15) Summary and Purpose of rulemaking: PA 92- 277 requires the registration of workers compensation utilization review organizations within the Department of Financial and Professional Regulation. This new rule establishes the format for registration based on existing registration requirements for health care utilization review organizations as provided in the Managed Care Reform and Patient Rights Act. With the addition of Exhibit A, the Department will be able to accommodate both health and workers compensation registration in its existing administrative scheme.
- 16) Information and questions regarding this adopted rulemaking shall be directed to:

Kelly Reim, Insurance Analyst
Department of Financial and Professional Regulation
Division of Insurance
Utilization Review/ Managed Care Unit
320 West Washington Street
Springfield, Illinois 62767-0001

(217) 558-2309

The full text of the Adopted Rules begins on the next page:

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

NOTICE OF ADOPTED RULES

TITLE 50: INSURANCE

CHAPTER I: DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

SUBCHAPTER hh: WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

PART 2905

REGISTRATION OF WORKERS' COMPENSATION

UTILIZATION REVIEW ORGANIZATIONS

Section

2905.10	Definitions
2905.20	Registration
2905.30	Fees
2905.40	Material Changes
2905.50	Renewals and Appeals
2905.EXHIBIT A	Application for Registration of a Utilization Review Organization
2905.EXHIBIT B	Utilization Review Organization Officers and Directors Biographical Affidavit

AUTHORITY: Implementing Section 8.7 of the Workers' Compensation Act [820 ILCS 305/8.7] and authorized by Section 8.7 of the Workers' Compensation Act and Section 401 of the Illinois Insurance Code [215 ILCS 5/401].

SOURCE: Adopted at 30 Ill. Reg. 6353, effective March 29, 2006.

Section 2905.10 Definitions

Act means the Workers' Compensation Act [820 ILCS 305].

Department means the Illinois Department of Financial and Professional Regulation.

Director means the Director of the Illinois Department of Financial and Professional Regulation-Division of Insurance.

Division means the Department of Financial and Professional Regulation-Division of Insurance.

Utilization Review means the evaluation of proposed or provided health care services to determine the appropriateness of both the level of health care services medically necessary and the quality of health care services provided to a patient,

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including evaluation of their efficiency, efficacy, and appropriateness of treatment, hospitalization, or office visits based on medically accepted standards. The evaluation must be accomplished by means of a system that identifies the utilization of health care services based on standards of care or nationally recognized peer review guidelines as well as nationally recognized evidence based upon standards as provided in the Act. Utilization techniques may include prospective review, second opinions, concurrent review, discharge planning, peer review, independent medical examinations, and retrospective review (for purposes of this sentence, retrospective review shall be applicable to services rendered on or after July 20, 2005). Nothing in this definition applies to prospective review of necessary first aid or emergency treatment. [820 ILCS 305/8.7]

Section 2905.20 Registration

On or after July 1, 2005, a workers' compensation utilization review organization may not conduct utilization review for workers' compensation services as provided by Section 8.7 of the Workers' Compensation Act [820 ILCS 305/8.7] unless the utilization review organization has registered with the Director. An application for registration shall be in a format as set forth in Exhibits A and B of this Part, and must be signed by an officer or director of the utilization review organization. Initial registration applications shall be deemed approved unless the Director finds the application to be noncompliant with either the standards set forth in Section 8.7 of the Workers' Compensation Act or this Part. Entities currently registered as health care utilization review organizations in accordance with the Managed Care Reform and Patient Rights Act [215 ILCS 134/85] that perform workers' compensation utilization review must revise Section 2 of their application forms (50 Ill. Adm. Code 5420.Exhibit D) by July 1, 2006.

Section 2905.30 Fees

A workers' compensation utilization review organization must register with the Director every two years. A fee of \$3,000 must be submitted with each application or renewal unless the utilization review organization is accredited under the Health Utilization Management Standards or the Workers' Compensation Utilization Management Standards of the American Accreditation Healthcare Commission (URAC), in which case the fee is \$1500.

Section 2905.40 Material Changes

Any material changes in the information filed pursuant to this Part shall be filed with the Director within 30 days after the change. Loss of accreditation status will require re-registration and payment of a \$3000 fee pursuant to Sections 2905.20 and 2905.30 of this Part. Entities currently registered as health care utilization review organizations in accordance with the

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Managed Care Reform and Patient Rights Act [215 ILCS 134/85] that perform workers' compensation utilization review must revise Section 2 of their application forms (50 Ill. Adm. Code 5420.Exhibit D) by July 1, 2006.

Section 2905.50 Renewals and Appeals

- a) If a renewal application and fee are not received prior to the renewal date, the registration will automatically expire and the utilization review organization must re-register and pay a fee pursuant to Sections 2905.20 and 2905.30 of this Part in order to conduct utilization review for workers' compensation services as provided by Section 8.7 of the Workers' Compensation Act [820 ILCS 305/8.7].
- b) If an application for registration or renewal is denied under this Part, the applicant may appeal that denial by requesting a hearing under the terms of Article 10 of the Illinois Administrative Procedure Act [5 ILCS 100/Art. 10] and 50 Ill. Adm. Code 2402. A petition for hearing must be postmarked no later than 30 days from the date of initial denial. A hearing shall be scheduled within 45 days after the petition is filed with the Director. A decision by the Director shall be rendered within 60 days after the close of the hearing.

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Section 2905.EXHIBIT A Application for Registration of a Utilization Review Organization

1. Name of Applicant _____

Type of Application (check one):

- ☐ Corporation
☐ Partnership
☐ Limited Liability Corporation
☐ Other (Describe) _____

FEIN _____

Contact Person _____

Business Telephone Number () _____

Fax Number () _____

Email Address _____

2. Type of Utilization Review Organization (check **all** that apply):

- ☐ Health Care Utilization Review (as defined in 50 Ill. Adm. Code 5420.30)
☐ Workers' Compensation Review (as defined in Section 2905.10 of this Part)

Check **all** categories that apply (as applicable)

- ☐ Licensed HMO providing utilization review services outside of the HMO (as defined in 50 Ill. Adm. Code 5421.20)
☐ Licensed HMO providing utilization review services only within that HMO (as defined in 50 Ill. Adm. Code 5421.20)
☐ Third Party Administrator
☐ Licensed Insurance Company providing utilization review services outside of that Insurance Company
☐ Licensed Insurance Company providing utilization review services only within that Insurance Company
☐ Hospital or Medical Group providing utilization review services for other than internal purposes
☐ Workers' Compensation Utilization Review Organization
☐ Other (Describe) _____

3. Business Address

Street (do not use P.O. Box) _____

City _____ State _____ Zip _____ - _____

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4. Mailing Address
Street or P.O. Box _____
City _____ State _____ Zip _____ - _____
5. Business Telephone Number () _____
Toll Free Number () _____
Fax Number () _____
Email Address/Website _____
6. Agent for Service of Process **in Illinois**
Name _____
Street (do not use P.O. Box) _____
City _____ State _____ Zip _____ - _____
7. For each Utilization Review Program supply the following information:
- a) The name, address, telephone number and normal business hours of the utilization review programs.
 - b) The organization and governing structure of the utilization review programs.
 - c) The number of reviews in Illinois for which utilization review is conducted by each utilization review program for the current year.
 - ☐ Health Reviews
 - ☐ Workers' Compensation Reviews
 - d) Hours of operation of each utilization review program.
 - e) Description of the grievance process for each utilization review program.
 - f) Please check (all that apply) to determine if you are using the Health Standards and/or the Workers' Compensation Standards in order to meet or exceed American Accreditation Healthcare Commission (URAC) Standards and provide the Division with a copy of your current certificates, if applicable.
 - ☐ Health Utilization Standards
 - ☐ Workers' Compensation Standards
 - g) Number of review in Illinois for which utilization review was conducted for the previous calendar year for each utilization review program.
 - ☐ Health Reviews
 - ☐ Workers' Compensation Reviews

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- h) Written policies and procedures for protection of confidential information according to applicable State and Federal laws for each utilization review program.
- i) Biographical information for organization officers and directors. Biographical affidavits shall be stamped "confidential" by the utilization review organization.
8. Indicate accreditation status below:
- a) ☐ Health accredited by:
- ☐ URAC (as defined in 50 Ill. Adm. Code 5420.130(b))
- ☐ NCQA (as defined in 50 Ill. Adm. Code 5420.130(b))
- ☐ JCAHO (as defined in 50 Ill. Adm. Code 5420.130(b))
- b) Workers' compensation accredited under:
- ☐ URAC Health Standards
- ☐ URAC Workers' Compensation Standards
- c) ☐ Unaccredited
9. ☐ Check Enclosed
- a) Accredited fee \$1500 biennially
- b) Unaccredited fee \$3000 biennially
10. Affirmation (to be signed by an officer or director of the utilization review organization only):

I, _____ do hereby certify that
(Typed name, title)

(Utilization Review Organization)

complies with the Health and/or Workers' Compensation Utilization Management Standards of the American Accreditation Healthcare Commission (URAC) sufficient to achieve American Accreditation Healthcare Commission (URAC) accreditation or submits evidence of accreditation by the American Accreditation Healthcare Commission (URAC) for its Health and/or Workers' Compensation Utilization Management Standards, and do hereby affirm that all of the information presented in this application is true and correct.

(Signature)

(Date)

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Please mail completed application to:

Illinois Department of Financial and Professional Regulation
Division of Insurance
Utilization Review Unit
320 West Washington Street
Springfield IL 62767-0001
(217) 558-2309

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**Section 2905.EXHIBIT B Utilization Review Organization Officers and Directors
Biographical Affidavit**

Full name and address of company (do not use group name)		
In connection with the above-named company, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space is insufficient to answer any question fully.) If answer is "No" or "None", so state.		
1. Affiant's full name (initials not acceptable)		
2a. Have you ever had your name changed? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, give the reason for the change.		
2b. Give other names used at any time		
3. Affiant's Social Security No.	4. Date and place of birth	
5. Affiant's business address	Business telephone #	
6. List your residences for the last 10 years starting with your current address, giving:		
Date	Address	City and State
7. Education: List dates, names, locations and degrees		
College:		
Graduate Studies:		
Others:		
8. List memberships in Professional Societies and Associations		

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9.	Present or proposed positions with the applicant company		
10.	List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past 20 years, giving:		
	Dates	Employer and Address	Title
	Please check one		
11.	May present employer be contacted? <input type="checkbox"/> Yes <input type="checkbox"/> No May former employers be contacted? <input type="checkbox"/> Yes <input type="checkbox"/> No		
12a.	Have you ever been in a position that required a fidelity bond? <input type="checkbox"/> Yes <input type="checkbox"/> No If any claims were made on the bond, give details.		
12b.	Have you ever been denied an individual or position schedule fidelity bond, or had a bond cancelled or revoked? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, give details.		
13.	List any professional, occupational, and vocational licenses issued by any public or governmental licensing agency or regulatory authority that you presently hold or have held in the past (state date, license issued, issuer of license, date terminated, reasons for termination).		
14.	During the last 10 years, have you ever been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, or has any such license held by you ever been suspended or revoked? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, give details.		

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15. List any administrators, insurers or HMOs in which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock (in voting power).

If any of the stock is pledged or hypothecated in any way, give details.

16. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant administrator or its affiliates? ☐ Yes ☐ No
If any of the shares of stock are pledged or hypothecated in any way, give details.

17. Have you ever been adjusted bankrupt? ☐ Yes ☐ No

18. Have you ever been convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or nolo contendere to any information or an indictment charging any felony or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been the subject of any disciplinary proceedings of any federal or state regulatory agency? ☐ Yes ☐ No If yes, give details.

19. Has any company been charged as described in No. 18, allegedly as a result of any action or conduct on your part? ☐ Yes ☐ No If yes, give details.

20. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any insurer, HMO or administrator that, while you occupied such position or capacity, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation or conservatorship?
☐ Yes ☐ No

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21. Has the certificate of authority or license to do business of any insurance company or registration of any administrator of which you were an officer or director or key management person ever been suspended, revoked or denied while you occupied such position? ☐ Yes ☐ No If yes, give details.

Declaration

Dated and signed this _____ day of _____ at _____

I hereby certify under penalty of perjury that I am acting on my own behalf and that the foregoing statements are true and correct to the best of my knowledge and belief.

State of _____
County of _____

Personally appeared before me the above named _____

personally known to me who being duly sworn deposes and says that he or she executed the above instrument and that the statements and answers contained therein are true and correct to the best of his or her knowledge and belief.

Subscribed and sworn to before me this _____ day of _____ 20 _____

(Notary Public)

(SEAL)

My commission expires _____

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Important Notice: Disclosure of this information is required by 50 Ill. Adm. Code 2905